

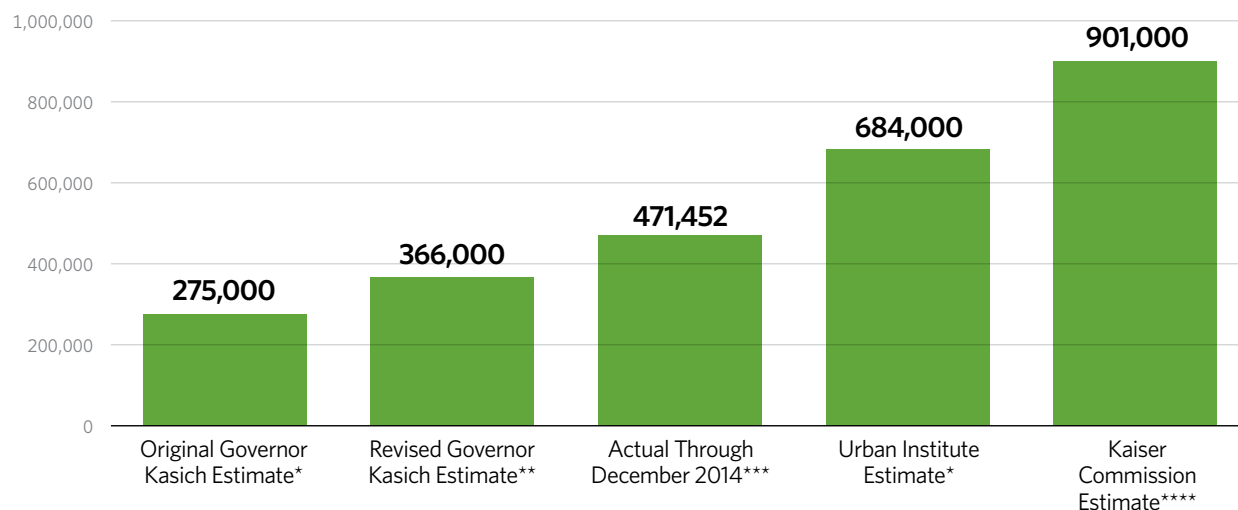
Why Expanding Medicaid Remains a Bad Deal for Taxpayers

As we stated in June 2013 in [“Keep Your Eye on the Ball: Reject Expansion and Build the Foundation for Real Reform.”](#) given the wide variances in estimates on how many Ohioans would enroll in Medicaid, expanding the program without firmer estimates on enrollees and costs made little sense to taxpayers. Against the will of the Ohio General Assembly, Governor John Kasich expanded Medicaid anyway. Eight-

teen months later, the data shows Governor Kasich should have heeded our warning. His estimates yet again (see [the severance tax miss](#)) were way off the mark (see Chart 1) and will only get more so as Ohioans continue to enroll in Medicaid.

Assuming just 28,548 more Ohioans sign up for Medicaid and costs increases are limited to 5.4 percent into the future as projected by the Joint Medicaid

Chart 1
ESTIMATES OF OHIO MEDICAID ENROLLMENT



* <http://www.washingtonpost.com/blogs/wonkblog/wp/2013/02/06/exclusive-how-ohios-republican-governor-sold-the-state-on-expanding-medicaid/>

** <http://watchdog.wpengine.netdna-cdn.com/wp-content/blogs.dir/1/files/2014/09/OHT-medicaid-expansion-enrollment-2013-02.jpg>

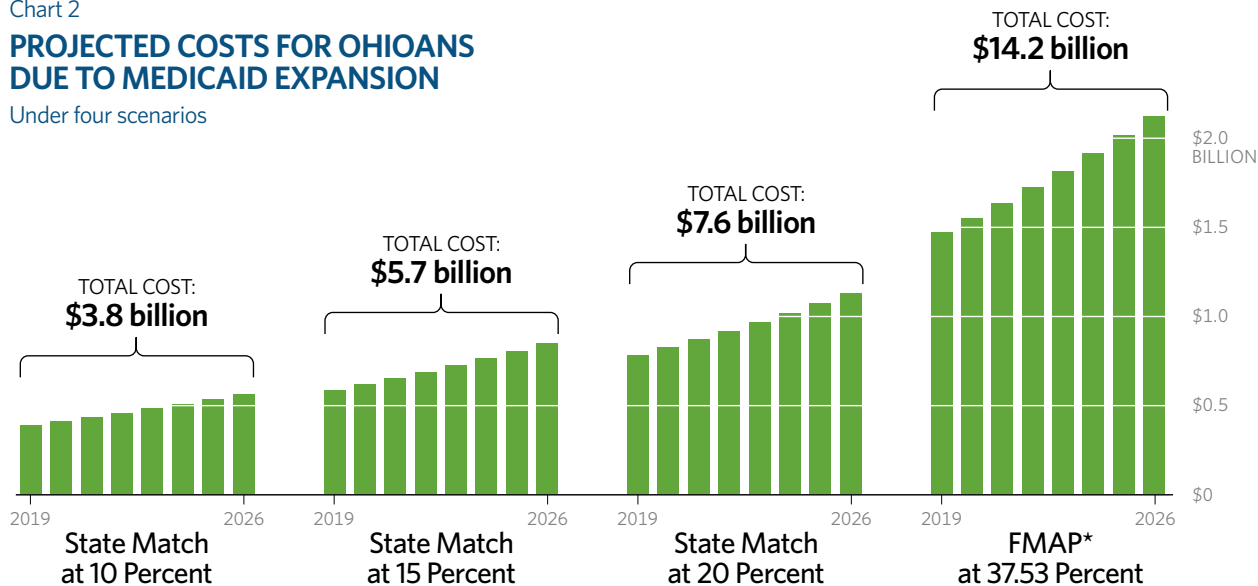
*** <http://medicaid.ohio.gov/Portals/0/Resources/Research/MedicaidEligExpReports/2014/Med-12.pdf>

**** <http://www.policymattersohio.org/medicaid-sept2012>

Chart 2

PROJECTED COSTS FOR OHIOANS DUE TO MEDICAID EXPANSION

Under four scenarios



* Federal Medical Assistance Percentage is the share of Medicaid costs paid by the federal government.
Sources: See Table 1.

Oversight Committee, the next governor(s) will have to find nearly \$3.8 billion over eight years to cover the 10 percent state match, as the federal payment declines to 90 percent of the expansion tab. Should Congress and the next President increase the 10 percent match as part of entitlement and debt reduction reform, Ohioans could face a bill exceeding \$14.2 billion over eight years (see Chart 2).

The estimates contained in Chart 2 and Table 1 likely are low. Specifically, the December 2014 Medicaid Expenditures and Eligibles Report by the Ohio Department of Medicaid noted 471,452 Ohioans had signed up under Medicaid expansion, with a monthly cost of \$301,628,170. That data indicates a per Medicaid monthly cost of \$639.79, or \$7,677 per year, which is just \$161 less than the yearly per person cost projected four years from now in 2019. At 5.4 percent inflation, the Annual Total Cost of Expansion for 500,000 Ohioans would balloon to \$4,738,000,000—nearly \$1 billion more than estimated in Table 1. Ohio’s share would range from \$473.8 million to \$1.78 billion in 2019 depending on the state match. These figures vividly demonstrate the inherent uncer-

tainly surrounding the cost of Medicaid expansion, especially as the federal government wrestles with deficits and debt.

In fact, [Governor Kasich recently stated](#), “Now the overall Medicaid issue in this country, because we’ve expanded, other states expand, how’s the government afford it? Well, all these entitlements need to be reformed, but in the middle of reforming them you just don’t cut off your nose to spite your face and make some declarative statement and then people can’t get any help.” Governor Kasich’s push for a federal balance budget amendment, if successful, ironically would further ensure that Medicaid, currently funded by deficit spending, would be slashed.

Contrary to Governor Kasich’s view, the best course of action is not to hasten the fiscal collapse of the federal government by increasing deficits and the national debt, thereby guaranteeing states will be forced to carry a greater share of the costs and taxpayers will be hit with higher taxes as part of an entitlement “reform” package. As a wise man once said, when you find yourself in a hole, the best thing to do is stop digging.

Table 1

PROJECTED MEDICAID EXPANSION COSTS

Year	Base Monthly Costs	Annual Cost per Enrollee	Medicaid Expansion Population	Annual Total Cost of Expansion	State Match at 10%	State Match at 15%	State Match at 20%	FMAP at 37.53%
2019	\$653.22	\$7,839	500,000	\$3,919,311,648	\$391,931,165	\$587,896,747	\$783,862,330	\$1,470,917,661
2020	\$688.49	\$8,262	500,000	\$4,130,954,477	\$413,095,448	\$619,643,172	\$826,190,895	\$1,550,347,215
2021	\$725.67	\$8,708	500,000	\$4,354,026,019	\$435,402,602	\$653,103,903	\$870,805,204	\$1,634,065,965
2022	\$764.86	\$9,178	500,000	\$4,589,143,424	\$458,914,342	\$688,371,514	\$917,828,685	\$1,722,305,527
2023	\$806.16	\$9,674	500,000	\$4,836,957,169	\$483,695,717	\$725,543,575	\$967,391,434	\$1,815,310,025
2024	\$849.69	\$10,196	500,000	\$5,098,152,856	\$509,815,286	\$764,722,928	\$1,019,630,571	\$1,913,336,767
2025	\$895.58	\$10,747	500,000	\$5,373,453,110	\$537,345,311	\$806,017,966	\$1,074,690,622	\$2,016,656,952
2026	\$943.94	\$11,327	500,000	\$5,663,619,578	\$566,361,958	\$849,542,937	\$1,132,723,916	\$2,125,556,428
2019-2026					\$3,796,561,828	\$5,694,842,742	\$7,593,123,656	\$14,248,496,540

Sources:

http://jmoc.state.oh.us/Assets/documents/JMOC_Medical_Inflation_Rate_Report.pdfhttp://jmoc.state.oh.us/Assets/documents/Optumas_SFY2016-2017_Report_Iteration1.pdf<http://kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/>

Those funds will have to come from state tax increases or steep cuts to other state programs—unless, of course, the economy grows at a pace sufficient to cover the bill via higher tax revenues. With the increased likelihood of a recession (or two) during the next decade, more unemployed Ohioans will qualify for expanded Medicaid and state income and sales tax revenues will drop. Governor Kasich's Medicaid expansion, if allowed to continue, will join creating the state income tax and allowing government workers to collectively bargain as one of the worst fiscal decisions in

Ohio history. As Medicaid swallows more of the state budget than it already does, it will crowd out other vital programs and leave taxpayers with an enormous bill to pay. If you want to help vulnerable populations, don't do it by writing checks you can't cash; do it by ensuring the funds for the services for Medicaid and every other state-funded program you've promised them will be there well into the future.

The Ohio General Assembly should continue to reject Governor Kasich's Medicaid expansion program. It is time to stop digging.